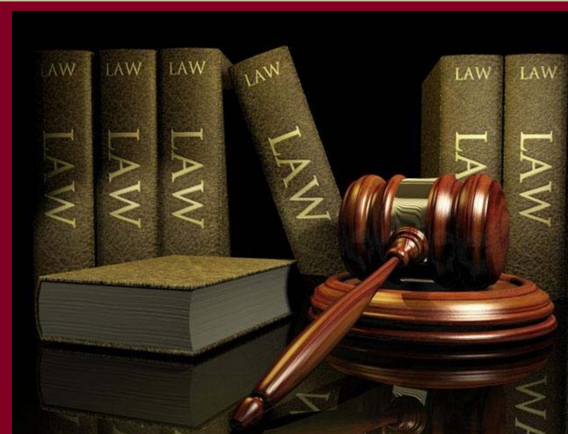
DIVISION OF INSPECTOR GENERAL
Ken Burke, CPA
Clerk of the Circuit Court and Comptroller
Pinellas County, Florida

INVESTIGATION OF NORTH COUNTY BRANCH OFFICE CASH SHORTAGE



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REPORT NO. 2018-05
APRIL 10, 2018

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April 10, 2018

Jeff Gates, Executive Director, Court and Operational Services Division
Connie Daniels, Director, Court and Operational Services Division

The Division of Inspector General's Public Integrity Unit has completed an investigation of the following allegation:

- A North County Branch Office Fiscal Records Specialist was short $2,000 when balancing out in the evening of January 23, 2018. ***Substantiated.***

To determine whether the allegation was substantiated, we reviewed policies, procedures, and appropriate records. We also interviewed staff and other parties, as needed. Our investigation was performed according to the *Principles and Standards for Offices of Inspector General* and *The Florida Inspectors General Standards Manual* from The Commission for Florida Law Enforcement Accreditation.

The recommendations presented in this report may not be all-inclusive of areas where improvement may be needed; however, we believe implementation of the recommendations will strengthen the current internal controls.

We appreciate the full cooperation and assistance of the North County Branch Office staff and Management during our investigation. If you have any questions, please do not hesitate to contact me at 464-8371.

Respectfully Submitted,

Hector Collazo Jr.
Inspector General/Chief Audit Executive

cc: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
Debra Brown, Manager, North County Branch Office

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INTRODUCTION

Synopsis

On January 23, 2018, the Inspector General (IG) initiated an investigation upon notification of a $2,000 cash shortage at the North County Branch Office. On January 24, 2018, IG staff interviewed the parties involved, and performed a search of the areas where the incident occurred. The investigative fieldwork substantiated the allegation; however, there is no conclusive evidence of what happened to the missing funds. Nonetheless, IG staff noted the following:

- The parties involved did not follow accounting policies and procedures.
- The parties involved deviated from basic cash handling procedures during the transaction.
- The North County Branch Office lacks monitoring capabilities in its cash handling areas.

Given the above findings, opportunities for improvement are presented in this report.

Background

Many citizens have used or will use the offices of the Clerk of the Circuit Court and Comptroller at some point in their life to:

- Pay a traffic ticket
- File a pleading
- Record a property deed
- Settle an estate
- Look up public information
- Serve on a jury
- Pick up a child support check
- Obtain a marriage license

The North County Branch Office is one of several offices of the Pinellas County Clerk of the Circuit Court and Comptroller. The branch has two main sections, the Traffic Section, and the Legal Section. Together they offer the following services:

- Traffic court hearings
- Accept payments for:
  - traffic, criminal, and misdemeanor fines and costs
  - payable traffic citations
  - non-criminal payable infractions, boating, fishing, and smoking violations
  - local, municipal, and county ordinances
- Issue marriage licenses and perform marriage ceremonies
- Accept passport applications
- Accept documents for recording in the Official Records
- Provide public access to the Official Records
- Accept payment for copies of:
  - history checks
  - imaged documents
  - pleadings in traffic files
  - documents in the Official Records
- Accept child support payments
- Accept new civil cases for both Circuit and County Court, including small claims, Probate new estates, and probate Baker and Marchman Act petitions
- Issue certain types of summons on the original complaint
- Accept pleadings for filing in the areas of traffic, civil, and probate
- Accept Value Adjustment Board petitions with required fee
- Limited driver license reinstatements

On Tuesday, January 23, 2018, the IG was copied on an email from a Director of Court and Operational Services regarding a $2,000 cash shortage. The email stated, in the afternoon of January 23, 2018, a North County Branch Office Fiscal Records Specialist (FRS) and a Senior Court Records Specialist (CRS) accepted $12,000 cash from a customer for a lien payoff. During the transaction, the FRS and the CRS called the Civil Court Records Department for instructions on how to fill out the IRS form 8300, due to the size of the transaction. After counting the money, the FRS gave a refund to the customer. When balancing out in the evening, the FRS was $2,000 short. Staff performed an extensive search, but the missing cash was not located. Management called a phone number for the customer, but the phone rang several times, with no answer.

Upon receipt of the complaint, the IG opened an investigation, and IG staff went to the North County Branch Office on January 24, 2018, to interview the parties involved and perform a cash count. The cash count performed confirmed the $2,000 shortage. The IG staff interviewed Management and staff. They also searched areas the FRS handled the cash that day; they found no sign of the missing funds. On the morning of January 25, 2018, IG staff went to the customer's residence to perform an interview; however, the customer was not home. IG staff left their contact information on the customer’s door, requesting the customer contact the IG. Later that day, the customer called the IG and described her recollection of the events that occurred during the transaction on January 23, 2018.

The information gathered from the initial interviews was inconsistent; consequently, IG staff conducted a second round of interviews. They interviewed two Senior CRSs and the FRS; however, they were not successful at clearing up the inconsistencies given the lack of hard evidence to support any possible theory of what happened to the missing money. Nonetheless, the IG staff noted the following during the interviews:

- On January 23, 2018, a customer came into the North County Branch Office to satisfy a judgement entered against her for non-payment of an outstanding credit card balance; the judgement was for $12,625.04.
- The customer gave the FRS a bank envelope containing cash and a bundle of loose cash; the customer did not count the money prior to giving it to the FRS.
- The FRS took the funds to a cubicle across from the service window and alerted a Senior CRS of the large sum of money; the FRS asked the Senior CRS to watch as the funds were counted.
- The FRS counted the money on a file cabinet, located in the cubicle, in view of the customer.
- During the cash count, the FRS did not count all of the money the customer tendered; the FRS only counted the amount due. The FRS stated the customer tendered excess money, which the FRS left inside the bank envelope.
- During the cash count, the Senior CRS did not count all of the money the customer tendered. The Senior CRS only counted the cash bundles provided by the FRS, two bundles of $5,000 and one bundle of $2,000. The Senior CRS was not aware of the bank envelope or the excess money.

- After the cash count, the FRS returned to the service window with the money and returned the bank envelope to the customer with the excess cash. The FRS did not count the money returned to the customer, and neither did the customer.
- The FRS did not enter the amount the customer tendered in Odyssey. The FRS only entered the amount counted; consequently, the correct amount tendered and the change given were not reflected in Odyssey.
- The FRS's lunch box was underneath their workstation the day of the incident, which does not comply with established policies and procedures.
- The FRS and the Senior CRS did not follow directives in the Accounting Policies and Procedures Manual (AP&P Manual) or basic cashiering procedures during the transaction.

Based on the information gathered during the investigation, applicable recommendations are presented below.

INVESTIGATIVE FINDINGS

1. The FRS Was Negligent During The Large Cash Transaction Of January 23, 2018.

The FRS did not process the large payment received on January 23, 2018, according to established policies and procedures, or basic cash handling principles.

On January 24, 2018, in the wake of the incident, IG staff interviewed the FRS. Concerning adherence to basic cashiering procedures, IG staff noted:

- The customer handed the FRS a bank envelope containing cash, and a stack of loose cash. The FRS did not count all the money received from the customer.
- The FRS returned the uncounted excess money to the customer in the bank envelope the customer provided. Basic cash handling dictates change should be counted back to the customer. Currently, the North County Branch Office has no video surveillance in the cash handling areas; consequently, there is no record of this return taking place. The only witnesses are the customer and the FRS.
- In Odyssey, the FRS only recorded the amount of money counted as the amount tendered, and only recorded giving a penny in change to the customer. Odyssey records and the receipts given to the customer are not accurate.
- At closeout, when filling out the bank deposit slip to submit to the verifier (the Senior CRS), the FRS wrote $12,836.84, which consisted of:
    - $12,625.04 for the large transaction in question
    - $210 in checks
    - $1.80 for one additional cash transaction

  This suggests the FRS did not count the funds prior to turning them over to the verifier.
- The FRS did not alert the verifier of the $2,000 shortage as prescribed by the AP&P Manual.

An FRS is an employee of the Clerk of the Circuit Court and Comptroller, entrusted with the task of collecting monetary payments from the public; as such, they are also required to issue a receipt for each collection of public money. Furthermore, basic cash handling principles dictate that a cashier is to count the amount of cash they receive from or give to a customer; the amount received and recorded in the cash register is the amount tendered, and the amount given to the customer is recorded as is either change or a refund.

Chapter 4.00 of the AP&P Manual states:

"GENERALLY
Collections include all monetary amounts received by the Clerk's Office whether in the form of cash, checks, money orders, credit cards or other documents convertible to U.S. currency.

The Clerk is required to issue a receipt for each collection of public money..."

Chapter 2.00, Section 2.25, of the AP&P Manual, states:

"1. Un-reconciled cash overages/shortages are to be reported immediately by the FRS to the Cash Custodian."

Chapter 3.00, Section 3.56, of the AP&P Manual, further states:

"CASHIER OVER OR SHORT
When an unrecognizable Cashier Overage/Shortage is reflected in the cash account during the balancing process for daily cash transactions, the following procedures will apply:

1. The F.R.S. is to immediately report the overage or shortage to their Manager, Assistant Manager, Supervisor or designated employee for verification of the receipt count."

The FRS neglected to follow procedures and to record the transaction appropriately, which impeded the accurate reconciliation of accounts, and may have contributed to the $2,000 shortage.

The Pinellas County Personnel Rules are comprised of eight Rules; Rule 6 addresses the procedures for administering discipline, and recommends standard ranges of penalties to promote reasonable consistency in discipline.

The FRS committed at least two of the following infractions under Rule 6 of the Pinellas County Personnel Rules:

- *"D12 Violation of written rules, regulations, policies or statutes."*
- *"D13 Negligence resulting in minor** consequences."*
- *"D14 Negligence resulting in serious** consequences."*

**IG staff defers to Management's discretion to determine the gravity of the consequences.

We Recommend Management:

A. Impose the warranted disciplinary action(s) prescribed by the Personnel Rules.

B. Provide the FRS with additional training, with emphasis on what is expected of proper cash handling.

C. Document the shortage in the FACE (Feedback, Ask Questions, Conversation, and Explore Options) performance management software system for the FRS, per Chapter 3.00, Section 3.56, Number 5.d, of the AP&P Manual.

Management Response:

Management concurs. A response for each item is outlined below.

A. The FRS has been scheduled for a disciplinary hearing.

B. Additional training has been completed with the FRS.

C. Discussion has been completed and documented in the FACE software account for the FRS.

2. The Senior CRS Was Negligent In Performing The Lead Worker Role During The Large Cash Transaction Of January 23, 2018.

The Senior CRS did not provide adequate oversight when assisting the FRS with the large payment received on January 23, 2018. The Senior CRS had a vague recollection of events during the IG interview on the wake of the incident, which suggested a lack of involvement/oversight throughout the transaction:

- The Senior CRS did not count all the money the customer tendered; only the cash bundles (two bundles of $5,000 and one bundle of $2,000) the FRS handed the Senior CRS were counted.
- The judgement document was not on the filing cabinet where the FRS was counting the cash; the Senior CRS only became aware of the amount due through the FRS.
- The Senior CRS did not observe the transaction in its entirety since some key elements were missing from the Senior CRS' description of events (i.e., the bank envelope on the filing cabinet during the cash count and the FRS returning the bank envelope to the customer with money in it).

The Senior CRS's lack of oversight throughout the transaction defeated the purpose of having a second set of eyes for security and accuracy purposes:

- The amount the customer tendered is unknown.
- The amount returned to the customer in the bank envelope is unknown.
- The amount recorded in Odyssey as tendered is inaccurate.
- The amount recorded in Odyssey as change is inaccurate.

According to class specifications, some of the duties of a Senior CRS are to:

- Serve as a lead worker over clerical support staff.
- Assist supervisor in the planning, assigning, and reviewing of work assignments and staff performance.
- Train new employees and keep staff apprised of policy and procedural changes.
- May assist in opening, closing, balancing, verifying cash, and preparing bank deposits.
- Provide information and services to the general public; respond to inquiries or concerns from other related departments and attorneys.
- May perform a variety of tasks related to an automated office environment.
- Perform related work as assigned or required.

As a lead, an employee in the Senior CRS position is expected to ensure clerical support staff follows established cash handling procedures. In addition, a prudent lead person, when called upon to serve as a second set of eyes in a large/complex cash transaction, would at minimum:

- Understand the nature of the transaction and how much money is due.
- Attentively observe the cashier counting the money, in view of the customer.
- Physically count the amount tendered.
- Compare the amount tendered to the amount due to determine if change is due to the customer or if the customer underpaid.
- If there was change due to the customer, ensure the cashier counts the money back to the customer.

The Senior CRS committed at least one of the following infractions under Rule 6 of the Pinellas County Personnel Rules:

- *"D13 Negligence resulting in minor** consequences."*
- *"D14 Negligence resulting in serious** consequences."*

**IG staff defers to Management's discretion to determine the gravity of the consequences.

We Recommend Management:

A. Impose the warranted disciplinary action(s) prescribed by the Personnel Rules.

B. Provide the Senior CRS with additional training, with emphasis on what is expected of a lead worker.

C. Take the opportunity to reiterate what is expected of lead workers to other Senior CRS staff.

Management Response:

Management concurs. A response for each item is outlined below.

A. The Senior CRS disciplinary hearing has been conducted.

B. Additional training with the Senior CRS with emphasis of her oversight role has been completed.

C. Discussion has been completed with the Senior CRS by the Supervisor and the Branch Manager.

3. There Is A Lack Of Security And Monitoring Capability In The Cash Handling Areas.

Currently, there are no cameras in the North County Branch Office's cash handling areas. Video recordings (with cameras strategically placed) may have allowed Management and IG staff to capture the location of the funds at every step during the January 23, 2018 transaction. The recordings may have shown:

- The customer handing the funds to the FRS
- The FRS taking the money to the filing cabinet in the adjacent cubicle
- The FRS and the Senior CRS at the filing cabinet counting the funds
- The FRS returning to the workstation with the money
- The FRS returning the bank envelope to the customer
- The customer taking the bank envelope and putting it in her purse
- The FRS taking the money to the balancing station

Given the lack of evidence and the inconsistencies in the statements of the witnesses, IG staff could not determine with certainty what happened to the missing funds.

Video surveillance is a vital tool for protecting property and people. In a payment collection/disbursement setting, it provides the following benefits:

- Reduced risk of employee theft and fraud
- Enhanced safety for both customers and employees
- Help in an investigation or audit
- Potentially ward off illegal visitors

We Recommend Management:

A. Implement a video surveillance system with recording capabilities in all cash handling areas.

B. Maintain footage for a reasonable period of time (at a minimum of 30 days).

C. Periodically review footage and use as a training tool.

Management Response:

Management concurs. A response for each item is outlined below.

A. Cameras were installed, which allow viewing of the counter area showing the FRS stations. Additional cameras will be installed over the money area and corner counters to allow for complete view by Management.

B. The footage retention period will be discussed with Facilities and Real Estate Management.

C. Reviewing footage procedures will be discussed with the Management group.

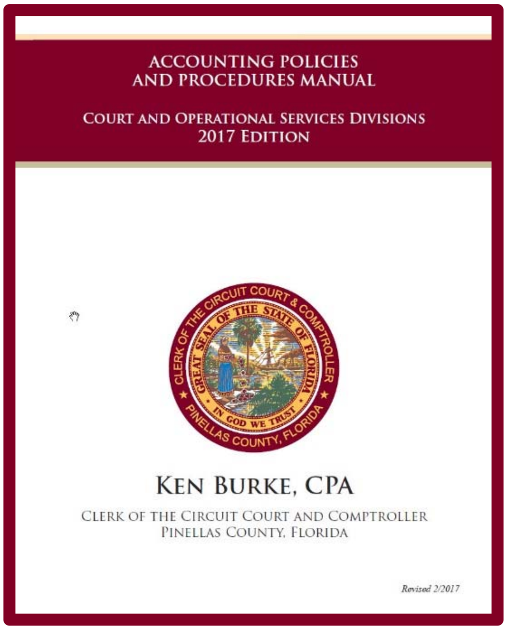
4. The Accounting Policies And Procedures Manual Directives On Personal Belongings Are Not Enforced.

On January 24, 2018, IG staff went to the North County Branch Office to interview the individuals involved in a cash shortage incident that occurred on January 23, 2018. In addition to interviewing staff and Management, the IG staff performed a search of the areas where the incident took place. During the search of the workstation where the transaction resulting in the shortage occurred, IG staff noted the lunch box of the FRS involved in the transaction was on the floor, underneath the workstation.

In a cash handling setting, the restriction of personal belongings at workstations is meant to protect both the organization and the employee. Deviating from this restriction creates opportunities for potential fraud and/or undue suspicions of fraud.

Chapter 1.00, Section 1.11, of the AP&P Manual, dated February 2017, states:

> *"FISCAL RECORDS SPECIALIST*
> *…All FRS must preferably keep purses and personal packages at a location other than the cashier's station or in a locked drawer if the permanent work station is the cashier station."*



In addition, Chapter 3.00, Section 3.12, states:

"<u>DURING DAY</u>
… 3. Purses and Personal packages must be stored in an area away from the Cashiering station."

IG staff interviewed the FRS twice, once on January 24, 2018, and once on February 5, 2018. The FRS explained, although Management assigned cubicles (other than their workstations) to all staff to store their personal belongings during the workday, the FRS kept their lunch box at the workstation, rather than the assigned cubicle. The day of the incident, the FRS had placed their lunch box on the floor underneath their workstation. Furthermore, during an interview with the Senior CRS involved in the incident, IG staff inquired about the office's enforcement of the policies on personal belongings. The Senior CRS explained that staff is aware that personal belongings should be kept in a locked drawer at cashiering stations; in addition, they are all responsible for ensuring the policy is enforced. Although the current applicable directives listed above (Sections 1.11 and 3.12, of the AP&P Manual) contradict each other (see Finding No. 5), in this case, neither was enforced.

We Recommend Management:

Enforce the current directive on personal belongings in Chapter 3.00, Section 3.12, of the AP&P Manual. Employees handling cash should not be permitted to keep their personal belongings at the cashiering stations.

Management Response:

Management concurs. Discussion with the Management group regarding the reinforcement of Chapter 3.12 of the AP&P Manual relating to storing personal belongings at the cashiering station will be conducted and enforced.

5. Two Sections Of The Accounting Policies And Procedures Manual Are Contradictory.

On the topic of storage of cash handling employees' personal belongings, the AP&P Manual lists two conflicting directives.

Chapter 1.00, Section 1.11, states:

> *"<u>FISCAL RECORDS SPECIALIST</u>*
> *…All FRS must preferably keep purses and personal packages at a location other than the cashier's station or in a locked drawer if the permanent work station is the cashier station."*

Chapter 3.00, Section 3.12, states:

> *"<u>DURING DAY</u>*
> *…3. Purses and Personal packages must be stored in an area away from the Cashiering station."*

During IG interviews with Management and staff, the policies on employee personal belongings were discussed; Management and staff were only aware of the policy stated in Section 1.11 above.

Policies and procedures are written instructions intended to document a governing body's views on how to perform a routine activity in order to ensure consistency; they are used to communicate organizational policies, government regulations, and industry standards. Established policies and procedures must be clear, concise, unambiguous, and accessible to all concerned parties.

Conflicting policies can confuse employees and negatively affect the overall operation of the department and/or the organization as a whole.

We Recommend Management:

A. Update the AP&P Manual, Section 1.11, to mirror Section 3.12. Employees handling cash should not be permitted to keep their personal belongings at the cashiering stations.

B. Disseminate the updated AP&P Manual to all concerned departments.

Court and Operational Services Management Response:

Management concurs. A response for each item is outlined below.

A. The AP&P Manual, Section 1.11, should reflect the same as Section 3.12. This request will be forwarded to Clerk's Accounting Management who oversees the AP&P manual procedures.

B. Updated information will be disseminated to all departments where staff intakes monies.

Finance Management Response:

Finance Management concurs with the recommendations and will take steps to implement a corrective action plan.

Division of Inspector General

Ken Burke, CPA
Clerk of the Circuit Court
& Comptroller
Pinellas County, Florida

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